

COMMITTEE ON LEGISLATIVE RESEARCH  
OVERSIGHT DIVISION

**FISCAL NOTE**

L.R. No.: 4737-01  
Bill No.: HB 1582  
Subject: Motor Vehicles; Revenue Dept.; Roads and Highways  
Type: Original  
Date: March 30, 2004

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**FISCAL SUMMARY**

<b>ESTIMATED NET EFFECT ON GENERAL REVENUE FUND</b>			
FUND AFFECTED	FY 2005	FY 2006	FY 2007
<b>Total Estimated Net Effect on General Revenue Fund</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

<b>ESTIMATED NET EFFECT ON OTHER STATE FUNDS</b>			
FUND AFFECTED	FY 2005	FY 2006	FY 2007
Highway Fund	\$285,426	\$24,292,426	\$24,808,041
<b>Total Estimated Net Effect on <u>Other</u> State Funds</b>	<b>\$285,426</b>	<b>\$24,292,426</b>	<b>\$24,808,041</b>

Numbers within parentheses: ( ) indicate costs or losses.  
This fiscal note contains 9 pages.

ESTIMATED NET EFFECT ON FEDERAL FUNDS			
FUND AFFECTED	FY 2005	FY 2006	FY 2007
<b>Total Estimated Net Effect on <u>All</u> Federal Funds</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

ESTIMATED NET EFFECT ON LOCAL FUNDS			
FUND AFFECTED	FY 2005	FY 2006	FY 2007
<b>Local Government</b>	<b>\$185,135</b>	<b>\$9,695,553</b>	<b>\$10,132,400</b>

## FISCAL ANALYSIS

### ASSUMPTION

Officials with the **Department of Insurance, Department of Public Safety – Missouri State Highway Patrol, and State Treasurer’s Office** assume this proposal would have no fiscal impact on their agencies.

Officials with the **Department of Transportation (MoDOT)** assume this proposal would increase revenues from the additional registration fees, increase of personalization of license plate fees, and increased trailer and towing permit fees (see DOR assumptions below).

MoDOT assumes it will incur \$170,806 in expenses in FY05 for postage and mailing to reissue plates for all commercial vehicles.

Officials with the **Department of Revenue (DOR)** assume the following sections of this act would have fiscal impact on their agency:

Sections 21.795, 301.144, 301.2999, 301.3150, 301.3152, and 301.3154

DOR’s Division of Motor Vehicle and Drivers Licensing – Driver and Vehicle Service Bureau (DVSB) assumes they would be required to notify their field offices of the procedural changes

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ASSUMPTION (continued)

contained in this act. DOR estimates a total cost in FY05 totaling \$530 for printing, envelopes, and postage related to this notification. **Oversight** assumes that such notification could take place within the normal parameters of field communication and that the additional notification warranted by this proposal can be done utilizing existing resources already in place or planned.

DVSB officials assume this proposal requires all existing specialty plate applications excluding military specialty plates to cost \$25, up from the current rate of \$15. Currently there are approximately 158,367 specialty and personalized plates on the General Registration System (GRS). After deducting the 10,259 military plates from the total and considering that approximately 50% of applicants choose biennial registration, the anticipated additional revenue is as follows:

FY 05 (6 months) Income

74,054 plates issued * \$10 fee increase	\$740,540
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FY 06 Income

148,108 plates issued * \$10 fee increase	\$1,481,080
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FY 07 Income

148,108 plates issued * \$10 fee increase	\$1,481,080
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According to the Missouri Constitution, this revenue is to be dispersed in the following manner:

State Road Fund	75%
Cities	15%
Counties	10%

Section 301.050

DOR's Information Technology Bureau (ITB) assumes it will incur approximately 80 hours of overtime programming in FY05 to implement the renewal penalty fee structure established by this act.

DVSB, basing estimates on 364,518 failure to renew penalties during FY03, cannot determine the months in which such penalties were paid. DVSB bases its estimate on an assumption that 25% of such payments were paid, respectively, in the first, second, third, and fourth months following the registration deadline. It is assumed that the increased fees will reduce the number of number of applicants that fail to pay on time by approximately 50% per months. The

ASSUMPTION (continued)

following revenue increases are assumed: \$1,025,207 in FY06 (6 months), and \$2,050,414 in FY07 and in each subsequent year.

According to the Missouri Constitution, this revenue is to be dispersed in the following manner:

State Road Fund	75%
Cities	15%
Counties	10%

Sections 301.055, 301.057, and 301.058

ITB assumes that implementing a flat registration fee for vehicles under 12,000 pound gross weight would require 112 hours of overtime programming and testing for the Uniform Field Automated System (UFOS), the Field Automated System for Titling and Registration (FASTR), and the General Registration System (GRS) and the Missouri On-line Renewal Exchange (MORE) for a total of \$2,617 in FY05.

Based upon the current registration fee distribution method, the following revenues could be anticipated in FY 06 and each year thereafter: Highway Fund – \$4,923,938, cities – \$984,788, counties – \$656,525.

Section 301.067

ITB assumes that implementing this section would require approximately 1,212 hours of overtime for programming and testing of GRS and FASTR for a total of \$14,156 in FY05.

DVSB assumes that 20% of the owners of trailers that are registered annually will register as permanent, and further assumes that 90% of the owner trailers that are registered for three years will register as permanent. Currently, there are 78,105 trailers registered as annual, 631,504 registered for three years, and 47,866 registered permanently. DVSB assumes the following new revenues: \$25,461,562 in FY06 and \$24,797,671 in FY07.

According to the Missouri Constitution, this revenue is to be dispersed in the following manner:

State Road Fund	75%
Cities	15%
Counties	10%

ASSUMPTION (continued)

Section 301.130

DVSB would require two Management Analyst I's for six month of FY05 to develop and design new license plates, order and schedule inventory distribution to field offices, and coordinate forms revisions and communication to field offices regarding this re-issuance. Two Management Analyst I's would be required for six months of FY07 and one Management Analyst would be required for the remaining six months of FY07 and the first six months of FY08.

For the processing of mail-in and online renewal applications, DVSB anticipates requiring 352 hours of overtime for a Clerk I in FY06, 470 hours of overtime for a Clerk I in FY07. Additional costs for renewal inserts explaining the re-issuance and new fee for passenger and commercial vehicles under 12,000 pounds, envelopes for mailing the plate(s) and procedural changes would total \$109,354 in FY06 and \$168,015 in FY07.

DOR anticipates costs for the actual plates to be re-issued, net of re-issuance fees and core budgeted revenues, to be \$1,311,443 in FY06 and \$1,135,037 in FY07. DOR assumes this proposal does not exclude specialty/personalized license plates for re-issuance. The current vendor charges a re-design fee of \$80 per plate type. There are currently 142 specialty plates that can be purchased for 9 different types of licenses, requiring a minimum of 1,278 plates that require a re-design, at a cost in FY06 of \$102,240 (\$80 per plate).

ITB will require 842 hours in FY05 and 842 hours in FY06 to program changes and modifications to the Missouri on-line Registration Express, modify the special plate reservation program, the renewal pull program for fees, and establish a "State Highway Patrol Safety Fund" in the Missouri Transportation Accounting System, at total costs of \$19,768 in both FY05 and FY06.

Based upon the allowance by the act of a re-issuance fee of \$2.25 for two plates and \$1.15 for a single plate and the constitutional requirement cities are to receive 15% of such fees and counties are to receive 10%, DOR assumes the following additional revenues for cities and counties:

Cities – \$634,357 in FY06 and \$844,840 in FY07.

Counties – \$427,921 in FY06 and \$563,956 in FY07.

DVSB assumes that it will also incur costs for new window stickers as mandated by this act. With approximately 4,400,000 vehicles that will require tabs and windshield stickers and 50% having biennial registration, DVSB estimates a 1% year increase in the number of registrations. Costs to DVSB would not be incurred until FY08 (\$1,678,002 in FY08, \$3,389,565 in FY09,

ASSUMPTION (continued)

and \$3,423,460 in FY10).

However, ITB would incur approximately 920 hours of overtime programming and testing of FASTR and MORE for a total of \$21,491 in FY07.

To implement this legislation, the DOR could require additional funds. In the past, the programs included in this legislation have been paid for with highway funds. This year, however, highway funds may not be available for this purpose as a result of legislation enacted by the General Assembly in 2000 that limits the use of highway funds.

This limitation is found in Section 226.200.3, RSMo. It places a cap on the highway funding available to state departments other than the Department of Transportation. The total amount of highway funds appropriated to these other state departments (including the DOR) cannot exceed the total amount of their fiscal year 2001 highway appropriations. This cap limits the highway funds that will be available for the implementation of this legislation.

If highway funds are not available, then another source of funding must be identified to pay for the cost of implementing this legislation.

This proposal could increase state revenue through plate and registration fees.

<u>FISCAL IMPACT - State Government</u>	FY 2005 (10 Mo.)	FY 2006	FY 2007
<b>HIGHWAY FUND</b>			
<u>Income – DOR</u>			
Specialty/personalized plate fee increase	\$555,405	\$1,110,810	\$1,110,810
Flat \$29.75 registration fee	\$0	\$4,923,938	\$4,923,938
Renewal registration penalty fee	\$0	\$798,905	\$1,537,810
Permanent trailer plate fee & trailer permits	\$0	\$19,096,172	\$18,598,253
<u>Total Income – DOR</u>	<u>\$555,405</u>	<u>\$25,929,825</u>	<u>\$26,170,811</u>
<u>Cost – MoDOT</u>			
Postage and mailing	<u>(\$170,806)</u>	<u>\$0</u>	<u>\$0</u>
<u>Cost – DOR</u>			
Salaries and fringe benefits	(\$83,477)	(\$110,028)	(\$57,680)
Office space, equipment, and supplies	(\$15,696)	(\$4,334)	(\$2,038)
Plates and plate redesign	\$0	(\$1,413,683)	(\$1,135,037)
Postage and mailing	\$0	(\$71,850)	(\$95,598)
Procedures, forms, and envelopes	\$0	(\$37,504)	(\$72,417)
<u>Total Cost – DOR</u>	<u>(\$99,173)</u>	<u>(\$1,637,399)</u>	<u>(\$1,362,770)</u>
<b>NET ESTIMATED EFFECT ON HIGHWAY FUND</b>	<b><u>\$285,426</u></b>	<b><u>\$24,292,426</u></b>	<b><u>\$24,808,041</u></b>

<u>FISCAL IMPACT - Local Government</u>	FY 2005 (10 Mo.)	FY 2006	FY 2007
<u>Income – Cities</u>			
Specialty/personalized plate fee increase	\$111,081	\$222,162	\$222,162
Flat \$29.75 registration fee	\$0	\$1,619,145	\$1,829,628
Permanent trailer plate fee, trailer permits, and renewal penalties	\$0	<u>\$3,973,015</u>	<u>\$4,027,213</u>
<u>Total Income – Cities</u>	<u>\$111,081</u>	<u>\$5,814,322</u>	<u>\$6,079,003</u>
<u>Income – Counties</u>			
Specialty/personalized plate fee increase	\$74,054	\$148,108	\$148,108
Flat \$29.75 registration fee	\$0	\$1,084,446	\$1,220,481
Permanent trailer plate fee, trailer permits, and renewal penalties	\$0	<u>\$2,648,677</u>	<u>\$2,684,808</u>
<u>Total Income – Counties</u>	<u>\$74,054</u>	<u>\$3,881,231</u>	<u>\$4,053,397</u>
<b>NET ESTIMATED EFFECT ON LOCAL FUNDS</b>	<b><u>\$185,135</u></b>	<b><u>\$9,695,553</u></b>	<b><u>\$10,132,400</u></b>

FISCAL IMPACT - Small Business

No direct fiscal impact to small businesses would be expected as a result of this proposal.

DESCRIPTION

This legislation establishes new procedures for the development of specialty licenses, increases the penalty for failure to renew motor vehicle registration, resets the registration fee for all passenger vehicles and trucks weighing 12,000 pounds or less, revises the trailer plate fee structure, requires the issuance of window stickers in addition to license plate tabs, and increases the personalized and specialty plate fees.

This legislation is not federally mandated, would not duplicate any other program and would not require additional capital improvements or rental space.



SOURCES OF INFORMATION

Department of Revenue  
Department of Transportation  
Department of Insurance  
Department of Public Safety – Missouri State Highway Patrol  
State Treasurer's Office

A handwritten signature in black ink that reads "Mickey Wilson". The signature is written in a cursive, flowing style.

Mickey Wilson, CPA  
Director  
March 30, 2004